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12 Counterclaimant REALPAGE, INC.

13 **UNITED STATES DISTRICT COURT**
14 **CENTRAL DISTRICT OF CALIFORNIA**

15 YARDI SYSTEMS, INC.,
16 a California corporation,
17 Plaintiff,
18 v.
19 REALPAGE, INC., a Delaware
20 corporation, and DC CONSULTING,
21 INC., a Washington, D.C.
22 corporation,
23 Defendants.
24 REALPAGE, INC., a Delaware
25 corporation,
26 Counterclaimant,
27 v.
28 YARDI SYSTEMS, INC., a
California corporation,
Counterdefendant.

Case No. CV11-690 ODW (JEMx)
**REALPAGE, INC.'S FIRST AMENDED
COUNTERCLAIMS; DEMAND FOR
JURY TRIAL**

1 **COUNTERCLAIMS**

2 RealPage, Inc. (“RealPage”), by and through its undersigned attorneys, for its
3 counterclaims against plaintiff and counterdefendant Yardi Systems, Inc. (“Yardi”),
4 avers on knowledge as to itself and its own acts, and on information and belief as to
5 all other matters, as follows:

6 **NATURE OF THE ACTION**

7 1. Cloud computing is the future of information technology (“IT”). In a
8 recent survey of 481 CFOs across the United States, 83% said that their companies
9 expect to rely on cloud-based services in the next three to five years. Innovators
10 such as RealPage have reshaped how businesses think about their IT infrastructure
11 by introducing a much more efficient platform to deliver computer software called
12 Software-as-a-Service (“SaaS”), a type of cloud computing. In addition, RealPage
13 has introduced a new enterprise-wide, vertically-integrated cloud computing service
14 called the “RealPage Cloud” by which RealPage manages and operates all of the IT
15 systems used by multifamily real estate owners and property management
16 businesses—including RealPage’s SaaS products—at a much lower overall cost
17 and with higher performance, greater reliability, and improved disaster recovery
18 capabilities.

19 2. As with all transformative business innovations, there are those who
20 are left behind. Yardi is one such company. Yardi has clung to two outdated
21 traditional software delivery models: (1) the “on-premises” approach, in which the
22 client installs and runs Yardi software on its own computer server; and (2) the
23 Application Service Provider (“ASP”) approach, in which the client accesses its
24 version, or “instance,” of Yardi software via the Internet from computer servers
25 located at Yardi’s own facilities. Yardi’s antiquated software delivery practices
26 have compromised its ability to effectively compete in the market for vertically-
27 integrated cloud computing. Faced with a changing business environment in which
28 it struggles to keep up, Yardi is leveraging stolen trade secrets and the market

1 power it has established through its popular Voyager software in an anticompetitive
2 scheme to prevent *its own clients* from obtaining the significant benefits of
3 RealPage’s state-of-the-art SaaS offerings and cloud computing services while
4 Yardi attempts to expand its competing cloud computing offering.

5 3. Before the advent of cloud computing, businesses had to build data
6 centers and employ personnel to manage hardware and software upgrades. This
7 was a capital-intensive and expensive undertaking. Cloud computing allows
8 businesses to dramatically reduce their operating and capital costs by transferring
9 these infrastructure and support responsibilities to a third-party service provider.
10 RealPage, a leading developer of residential property management software, offers
11 its cloud computing clients these cost savings and more. Whereas most cloud
12 computing providers are industry agnostic—purveyors of one-size-fits-all
13 solutions—RealPage is the first cloud computing provider to offer “vertically-
14 integrated” systems and support designed specifically to address the needs of
15 multifamily real estate owners and property managers throughout the United States.

16 4. RealPage hosts its cloud computing clients in the RealPage Cloud,
17 providing them uninterrupted access to all of their data and processing
18 functionality, including real-time information about each of their managed
19 properties. The RealPage Cloud aggregates applications from multiple software
20 providers into a single system that is vertically-integrated and managed holistically.
21 In other words, if a client wants to use non-RealPage software in the RealPage
22 Cloud, RealPage provides the technical expertise for the client’s various software
23 and database packages to work seamlessly with other software, from other
24 providers, in the Cloud. And RealPage provides the industry expertise to support
25 the various applications unique and relevant to the multifamily real estate and
26 property management industry. This allows clients maximum freedom of choice to
27 select any number of different vendors and optimized performance in an
28 environment specifically tailored to their business.

1 5. Unlike on-premises or ASP software applications, RealPage’s SaaS
2 applications are ideally suited for this vertically-integrated cloud system. SaaS
3 applications involve a single version of software code that is accessed by all clients.
4 On-premises and ASP applications, on the other hand, require a different code
5 stream for each client. Thus, it is much easier and more reliable for third-party
6 applications to “integrate” with (*i.e.*, communicate, share key business data, and
7 interact with) a SaaS application because the developers of third-party applications
8 need to maintain only one version of their code to integrate effectively with a SaaS
9 application. SaaS applications are also much simpler for the end-user because,
10 unlike on-premises and ASP applications, SaaS applications do not require end-
11 users to refer to complicated user manuals and installation guides. This is because
12 SaaS applications do not need to be installed, and online user support typically is
13 embedded in the application interface. SaaS companies such as RealPage are thus
14 displacing on-premises and ASP software companies because SaaS products are
15 generally easier to use and the overall cost of operating a SaaS application is much
16 lower than *owning and managing a separate version of software for each client*
17 *company*.

18 6. For example, a multifamily residential property manager using an on-
19 premises or ASP property management system like Yardi Voyager will spend
20 significantly more than the license fee in order to use the software. In most cases,
21 the total cost of ownership (“TCO”) for on-premise and ASP software greatly
22 exceeds the TCO for SaaS over a four-year period. For each discrete dwelling unit
23 at a residential site under management, these costs typically will exceed the license
24 fee by (i) \$1.00-\$1.50 per unit per month in first-line application support and
25 administration (*e.g.*, service packs, hot fixes, plug-ins, customizations and
26 integrations); (ii) \$0.25-\$0.50 per unit per month in ongoing training to deal with
27 turnover in site personnel; and (iii) \$0.25-\$0.50 per unit per month in IT
28 infrastructure for hosting fees (if ASP), data center hardware and software (if on-

1 premises), and IT resources. In contrast, first-line support, ongoing user training,
2 and IT infrastructure costs are *zero* for clients of RealPage's SaaS application.

3 7. The superiority of SaaS applications is recognized well beyond the
4 multifamily property management industry. In only a few years Salesforce.com has
5 put severe pressure on more established companies and is now a leader in the
6 Customer Relationship Management market. Similarly, Google's SaaS office
7 application suite is quickly gaining market share on more established traditional
8 office software products. RealPage is the only major technology provider in the
9 multifamily property management market to offer a SaaS platform to its clients, and
10 it is enjoying success similar to Salesforce.com and Google. Yardi is in danger of
11 being displaced because it has limited itself to the outdated on-premises and ASP
12 software delivery platforms.

13 8. As businesses transition to vertically-integrated cloud computing, the
14 disadvantages associated with Yardi's outdated delivery platforms are magnified.
15 Yardi's competing vertically integrated cloud service, Yardi Cloud Services™, is
16 confined and stalled by the company's antiquated technology. Most of Yardi's so-
17 called "cloud" offerings are in fact ASP services. Thus, Yardi must manage
18 separate instances of code for each client, which raises client costs as much as 40%
19 above those of a SaaS company. Furthermore, Yardi's clients must incur
20 significant costs to evaluate each proposed upgrade, service pack, hot fix, and plug-
21 in to Yardi's software and then coordinate when the service will be taken offline as
22 each new upgrade or change is applied to the application. Client-based IT staff are
23 forced to carefully plan and test the integration between Yardi's software and each
24 third-party software application used by the client every time that Yardi or another
25 provider changes its software. This time-consuming and repetitive integration
26 testing adds significant cost and is the source of unanticipated downtime,
27 particularly since Yardi often releases many "fixes" to its application each year. In
28 contrast, RealPage Cloud clients do not incur these costs or suffer these business

1 interruptions because upgrades and integrations are managed by RealPage, not the
2 client.

3 9. Yardi's limitations are by choice; Yardi has simply refused to make
4 the necessary investments in technology and in its data center to create an optimally
5 functional cloud computing environment. Indeed, Yardi's data center architecture
6 is nothing more than a collection of individual servers that separately support each
7 of its clients. Because of the cumbersome design of Yardi's cloud, performance
8 can be slow, often requiring larger clients to schedule long-running jobs overnight
9 or on weekends to avoid slowdowns in the performance of Yardi's application
10 during the working day. This can be especially frustrating to site personnel who are
11 trying to manage complex operations at each apartment community when month-
12 end processing slows down the system. Availability is a challenge for Yardi
13 because it has to manage so many different instances of software, each uniquely
14 configured and customized. Compounding the problem, in order to integrate third-
15 party applications each third-party application must be matched to the specific
16 version, service pack, hot fix, and plug-in of software that a given Yardi client is
17 using.

18 10. In addition, Yardi's security systems are notoriously suspect and
19 unreliable. For example, in certain cases, Yardi clients have been able to view
20 other clients' confidential and proprietary data. Yardi also does not provide
21 adequate real-time disaster recovery, leaving its clients vulnerable to outages. In
22 fact, the "disaster recovery" plan that Yardi offers actually restores only a limited
23 client environment in a degraded or crippled mode for basic accounting and
24 operational functionality. It does not cover the various integrations and other
25 services that are essential to clients. Yardi's data security capabilities are similarly
26 lacking. For example, when Massachusetts and Nevada passed sweeping privacy
27 and data security legislation requiring encryption of personally identifiable
28 information, Yardi was unable to deliver an acceptable technical solution, leaving

1 its clients legally exposed. Yardi system passwords are not properly protected and
2 in some cases are not changed for years.

3 11. In contrast to Yardi's offerings, the RealPage cloud computing
4 offering incorporates advanced security and storage area network architecture that
5 dramatically improves the entire system's performance. Yardi is aware of its
6 multiple shortcomings but is, to date, unwilling to spend the capital or invest in
7 business processes to compete with RealPage's investments or keep up with the
8 transforming business needs. Yardi now finds itself at a growing disadvantage as
9 the market and Yardi clients have gravitated quickly toward the obvious
10 efficiencies and the superior technology and individualized service offered by
11 RealPage.

12 12. Yardi is now desperate to stop RealPage's cloud progress. Rather than
13 innovate and invest in a superior architecture and the infrastructure to improve its
14 cloud platform, Yardi is trying to impede the advance of a more efficient and
15 desirable technology platform and sabotage the growth of RealPage through a wide-
16 ranging campaign of client interference and intimidation. The tactics employed by
17 Yardi in its campaign to slow RealPage's advancements include:

- 18 • Coercing Yardi's own clients to sign agreements that prevent them from
19 using RealPage's cloud computing and consulting services.
- 20 • Threatening to terminate the software licenses of Yardi clients that choose
21 to host software in the RealPage Cloud on objectively baseless grounds
22 solely for the purpose of intimidating those clients into not using the
23 RealPage Cloud.
- 24 • Intentionally and falsely maligning RealPage's services and rights while
25 offering hollow promises of Yardi's own abilities to service clients.
- 26 • Hiring RealPage personnel to steal RealPage's most highly confidential
27 trade secrets, including:
28

- RealPage’s superior primary and disaster recovery data center infrastructure and architectural design;
- RealPage’s proprietary technology used to monitor and improve the operation of third party applications, including Yardi applications;
- RealPage’s proprietary change management and release management business processes; and
- RealPage’s confidential bid proposals made to specific potential cloud computing clients where Yardi was competing against RealPage.

13. Yardi’s campaign seeks to deny consumers the benefits of the RealPage Cloud in order to lock them into Yardi’s lagging business model. Clients should be free to choose the RealPage Cloud, Yardi Cloud Services, or any other solution that best suits their business needs. The choice should be governed by which company provides the best value through technology, infrastructure, expertise, price, and service.

JURISDICTION AND VENUE

14. This Court has original jurisdiction over RealPage’s federal antitrust claim, which arises under the Sherman Antitrust Act (15 U.S.C. § 1, et seq.). 28 U.S.C. §§ 1331, 1337(a). This Court also has supplemental jurisdiction over the related violations of California statutory and common law alleged herein because these claims are so related to the federal claims in this case, over which the Court has original jurisdiction, that they form a part of the same case or controversy within the meaning of Article III of the United States Constitution. 28 U.S.C. §1367.

15. This Court also has diversity jurisdiction over RealPage’s counterclaims because RealPage and Yardi are citizens of different states and the amount in controversy exceeds \$75,000. 28 U.S.C. § 1332.

16. Venue is proper in this district under 28 U.S.C. § 1391(b) because a

1 substantial part of the wrongful conduct alleged herein occurred in this district,
2 including but not limited to the antitrust violations, acts of unfair competition, and
3 acts of misappropriation of trade secrets that give rise to RealPage’s claims against
4 Yardi.

6 THE PARTIES

7 17. RealPage is a Delaware corporation with its principal place of business
8 in Carrollton, Texas. It is engaged in the business of, among other things, licensing
9 multifamily property management software, providing software consulting services
10 for the real estate industry, and providing secure software hosting services for its
11 clients.

12 18. Yardi Systems is a California corporation with its principal place of
13 business in Goleta, California. It is engaged in the business of, among other things,
14 licensing real estate investment management and property management software.

16 FACTUAL BACKGROUND

17 OVERVIEW OF CLOUD COMPUTING

18 19. RealPage is a SaaS company. Because SaaS companies host and
19 maintain their own applications, they invest significantly in their data center
20 infrastructure, disaster recovery technology, business processes, and support
21 capabilities. Traditional on-premises software providers do not need to make such
22 an investment—they simply provide their product to the end-user for installation on
23 the end user’s individual computer. While traditional ASP software providers host
24 their product in the provider’s data center, due to outdated architecture they
25 typically do not have the same hosting capabilities and infrastructure of a SaaS
26 provider. Yardi is at its core a traditional software provider, and its current
27 incapacity to fairly compete in the cloud computing market must be understood in
28 this light.

1 20. In the most advanced cloud computing model, the client's computer
2 has only minimal software installed (such as a web browser) and all computing
3 software (whether word processing, database, email or otherwise) and all data are
4 maintained in a central data center accessible through the Internet. Users
5 experience substantial benefits with cloud computing. Local computers require far
6 less maintenance and fewer "bug" fixes because the operative software and data
7 reside at a remote, centralized location. Software updates occur at the central
8 storage site and are applied by the cloud vendor to a single version of code that all
9 users of the system can access. The servers needed to maintain the cloud can easily
10 be updated and repaired in the background while the users continue their work
11 uninterrupted.

12 21. Cloud computing is also highly scalable. As a company grows or
13 shrinks, it can access more or less computing or data storage capacity in the cloud
14 as its needs fluctuate. Rather than making large capital expenditures to buy and
15 hold equipment that may become obsolete or redundant, the company always has
16 access to state-of-the-art infrastructure that is managed by professionals in
17 capacities that meet the company's current needs and can be quickly upsized or
18 downsized as circumstances require. Simply put, cloud computing allows owners
19 to buy as much or as little computing power as they need and "lease" from the
20 cloud provider any hardware such as servers or data centers they may need only on
21 a temporary basis. RealPage offers these cloud computing services to clients in a
22 way that Yardi has not yet successfully matched, putting Yardi at a significant
23 disadvantage as companies recognize and migrate to the unquestionable benefits of
24 cloud computing.

25 22. RealPage developed its Cloud by building on its investment in the
26 extensive hosting and data processing support infrastructure that, as a SaaS
27 provider, it already had in place. RealPage's state-of-the-art data centers are the
28 result of over \$100 million in cumulative investment with an annual operating and

1 capital expansion budget of nearly \$25 million. This investment is in addition to
2 RealPage's product development investments, which total nearly \$40 million per
3 year. For the last several years, RealPage also has invested in hardware upgrades
4 that allow it to host not just its own SaaS applications, but also the systems of large
5 multifamily property managers. Equally important, RealPage has invested in the
6 expert personnel and business processes necessary to service the needs of clients
7 and to optimize their systems for performance enhancements. The RealPage Cloud
8 infrastructure comprises nearly 1,000 physical servers and a massive storage area
9 network.

10 23. A property management company can therefore satisfy a large portion
11 of its IT needs from RealPage. Many property management companies already
12 have built their own customized services platforms that contain their property-
13 management systems as well as their accounting, e-mail, and file-sharing
14 applications. The RealPage Cloud allows clients to eliminate the burden of
15 maintaining, updating and growing (or shrinking) their IT operations and costs by
16 moving all of their applications to the cloud.

17 24. By hosting a property management company's entire enterprise
18 system—including third-party applications such as Yardi Voyager—in the
19 RealPage Cloud, RealPage is able to link a client's applications to RealPage's SaaS
20 applications and transfer data seamlessly at high speeds. This dramatically
21 improves the integration and movement of the client's information across
22 applications, leading to a better experience for the end-user. Moreover, RealPage
23 offers the technological consulting to optimize the systems so that each piece of
24 software, without regard to the identity of its provider, communicates and operates
25 effectively with the others. Put in its simplest form, RealPage orchestrates and
26 integrates a property management business's entire IT operation in the cloud so that
27 multiple software programs can speak to one another as data flows seamlessly and
28 continuously through the cloud. RealPage's holistic, industry-specific approach to

1 the client’s needs differs from the traditional use of discrete programs operating
2 independently and, at times, at cross-purposes with other applications on the
3 company’s IT platform. As one RealPage Cloud client put it: “The simple fact is
4 that RealPage is an IT shop, and they have tens of millions of dollars of
5 infrastructure in place that we as a property management firm would never be able
6 to assemble . . . We get immediate redundancy, speed, performance, and change
7 management.”

8 25. Yardi, while effective in designing and selling traditional property
9 management and accounting software, eschewed the opportunity to build the
10 necessary infrastructure, business processes, and technology to meet the new
11 challenge of cloud computing. As a result of Yardi’s inadequate cloud computing
12 capabilities, Yardi clients understandably have looked for alternative ways to host
13 their Yardi software and satisfy their manifold needs for management of
14 multitenant properties. For these and other reasons, several major Yardi clients
15 have asked RealPage to host their IT operations, *including* their Yardi software, in
16 the RealPage Cloud.

17
18 26. For years, Yardi has resisted making the capital investments to meet
19 the new challenge of cloud computing. Indeed, when a leading client began using
20 Yardi’s cloud service, it could not persuade Yardi to invest in a SAN, or storage
21 area network, a key requirement for optimal storage performance for a large
22 institutional user. Yardi offers only an uptime “goal” and refuses to guarantee that
23 its hosted systems will remain continuously operable. RealPage, by contrast,
24 provides over 99.5% uptime and puts a 98% uptime guarantee in writing.

25 27. Yardi’s security is also woefully lagging. In one instance, when a
26 client accessed its data through the Yardi cloud service, that client also was able to
27 access the confidential data of other Yardi clients. When the client alerted Yardi to
28 the security flaw, Yardi’s response was not to fix the security hole, but rather to

1 insist that this alarmingly porous design was somehow intentional! Yardi's security
2 lapses are especially troubling to institutional clients who are required to comply
3 with certain internal controls and to evidence the effectiveness of those controls to
4 third-party stakeholders. While Yardi advertises its compliance capabilities relative
5 to SAS 70 Type II audits and the Payment Card Industry standards, significant gaps
6 exist in its change management and operational controls. Because Yardi has a
7 separate, uniquely configured instance of software for each client, maintaining strict
8 controls over changes and new releases of software presents a significant problem
9 that can cause the system to be unreliable when change occurs. These and other
10 deficiencies led at least one market-leading client who tried the Yardi cloud
11 capabilities to terminate its hosting relationship with Yardi.

12 28. In sum, RealPage is positioned to succeed in the cloud computing
13 market. Yardi is not. The result is that Yardi is desperate to stop the industry's
14 migration to the RealPage Cloud and has embarked on a mission to destroy
15 RealPage's relationship with its current and future clients. The campaign has been
16 relentless.

17
18 YARDI'S USE OF A MOLE TO MISAPPROPRIATE REALPAGE TRADE SECRETS

19 29. In late 2008 and early 2009, an individual associated with a RealPage
20 client ("Client X"), Joe Hendrix, accepted a job offer as RealPage's Chief
21 Information Officer. He was issued a company phone, badge with secure-area
22 access capabilities, and a company computer. He was also provided with
23 invaluable proprietary information. Hendrix participated in sales calls and strategy
24 discussions with RealPage's CEO, COO, and CTO and spent weeks learning the
25 inner-workings of RealPage and its plans for the future. He also met with RealPage
26 clients and was entrusted with valuable RealPage confidential information as well
27 as critical bid information that RealPage clients chose to provide directly to
28 RealPage. Hendrix knew and understood that the information provided to him was

1 confidential and proprietary and that he was required to maintain its confidentiality.
2 At the same time that Hendrix was insinuating himself into RealPage's confidences,
3 however, he was secretly working with Yardi to expand its Texas office to build
4 Yardi's competing cloud computing service. Yardi immediately made use of the
5 RealPage trade secrets Hendrix misappropriated to unfairly compete for cloud
6 computing clients.

7 30. The betrayal began when Hendrix, while employed by Client X (a
8 significant client of both Yardi and RealPage), entered into discussions about
9 moving Client X's data center to the RealPage Cloud in order to provide a secure
10 environment for its data. RealPage agreed and successfully moved Client X's data
11 center to the RealPage Cloud. Knowing that after a successful migration to the
12 RealPage Cloud Client X would have no further need for his IT services, Hendrix
13 negotiated with RealPage for a job as Chief Information Officer. RealPage agreed
14 to hire Hendrix, but Client X requested that Hendrix be permitted to wind down his
15 responsibilities while he was also working for RealPage. RealPage's CEO agreed
16 to this unusual arrangement as a favor to Client X. In addition to agreeing to allow
17 Hendrix to wind down his responsibilities at Client X concurrent with his RealPage
18 responsibilities, RealPage offered Hendrix a senior position, a substantial salary,
19 150,000 stock options, and provided Hendrix with sensitive, confidential, and
20 proprietary documents and information about the RealPage Cloud business model
21 and strategy, as well as access to RealPage's current and prospective clients.
22 Hendrix also was included in high-level strategy discussions and was privy to some
23 of RealPage's most sensitive information. For example, just a few days before his
24 duties with Client X were to end, Hendrix spent hours discussing confidential
25 future RealPage business strategy with RealPage's Chief Operating Officer.

26 31. At all times prior to his departure from Client X, Hendrix was subject
27 to the provisions of a Mutual Confidentiality Agreement between RealPage and
28 Client X. This Agreement, which Hendrix personally signed, obligated Hendrix

1 and Client X to “hold in confidence and not to disclose or reveal to any person or
2 entity the Disclosing Party’s Confidential Information.” The Agreement was
3 entered into on June 19th, 2008, at the outset of discussions between RealPage and
4 Client X. The Agreement provides that “[a]ll obligations undertaken respecting
5 Confidential Information . . . will survive for two (2) years from the date of
6 provision of such Confidential Information.”

7 32. Unbeknownst to RealPage, Hendrix—while extracting RealPage’s
8 confidences and promises of a sizeable salary and stock options—was acting as a
9 mole, working with Yardi to expand Yardi’s office in Dallas, Texas. Yardi,
10 meanwhile, knew or had reason to know that Hendrix was presenting himself as a
11 RealPage employee in sales meetings to third parties and knew or had reason to
12 know that Hendrix was under an obligation not to disclose RealPage’s confidential
13 information. After having participated in sales calls and strategy discussions with
14 RealPage and having used and relied upon RealPage’s provision of information,
15 hardware, and software, Hendrix abruptly announced that he had accepted a
16 position as officer in charge of Yardi’s expanded Texas operations.

17 33. The disclosure and misuse of RealPage trade secrets began
18 immediately and may have been happening before Hendrix took the Yardi position.
19 On information and belief, Hendrix provided Yardi with RealPage’s proprietary
20 information concerning: (a) RealPage data center and disaster recovery architecture,
21 a well-known architectural shortcoming of Yardi’s offerings; (b) RealPage
22 technology used to monitor and improve the operation of third-party applications;
23 (c) RealPage process methods for change, problem, and release management; (d)
24 detailed and proprietary descriptions of the RealPage Cloud; and (e) the
25 confidential details of RealPage’s bids for large Yardi clients. Yardi used this
26 proprietary RealPage information, misappropriated by Hendrix, to unfairly compete
27 with RealPage. RealPage’s sophisticated knowledge of data security, performance
28 monitoring, and hosting was accumulated and refined through over ten years of

1 experience and over \$100 million of investment. In the hands of Yardi, a
2 competitor that had intentionally elected not to make such an investment, this secret
3 information was an invaluable and ill-gotten advantage in developing its competing
4 cloud computing service.

5 34. Unsurprisingly, within three weeks after Hendrix joined Yardi, the
6 company began offering a vertically-integrated service modeled on the RealPage
7 Cloud called Yardi Cloud Services. Later, Hendrix even went so far as to present
8 confidential RealPage Cloud documents to prospective clients *as if they were*
9 *Yardi's*. Yardi could not have developed this competing cloud business without the
10 boost that it gained by exploiting the confidential RealPage documents and
11 information Hendrix misappropriated.

12 13 YARDI'S CLIENT INTERFERENCE CAMPAIGN

14 35. Misappropriating RealPage's trade secrets was just the beginning of
15 Yardi's efforts to snuff RealPage's cloud business. Yardi next took aim at its own
16 clients. Through a mix of threats and coercion, Yardi systematically approached
17 RealPage clients and used every available means to attempt to end RealPage's
18 cloud business.

19 36. By way of background, several RealPage Cloud clients use the
20 RealPage Cloud as their computing platform to host a variety of software, including
21 their Yardi Voyager property management software. RealPage is committed to
22 providing its clients a broad range of consulting and support services for software
23 hosted in the RealPage Cloud—including Yardi software. In light of Yardi's often
24 inadequate support, Yardi clients frequently hire independent consultants to assist
25 them with software, add-on products, and add-on service modules. One such
26 independent consultant was EverGreen Solutions, Inc. As part of RealPage's
27 strategic planning to enhance its available in-house consulting and support services,
28 RealPage acquired the assets of EverGreen Solutions in September 2009.

1 EverGreen Solutions became a RealPage division and provided consulting services
2 for software users in the real estate industry, including users of Yardi’s software.
3 The EverGreen division (“EverGreen”) helped these clients by designing,
4 recommending, and installing software solutions and helping them implement best
5 management practices. And RealPage understands that in some instances, a Yardi
6 software solution such as Yardi Voyager may be what is best for the RealPage
7 client.

8 37. As the popularity of the RealPage Cloud has grown, Yardi has worked
9 furiously behind the scenes to thwart competition in the growing market for
10 vertically-integrated cloud computing for multifamily real estate owners and
11 property managers in the United States (“the vertical cloud market”). The vertical
12 cloud market is a relevant economic market because non-vertically-integrated,
13 industry-agnostic cloud providers are not adequate substitutes for a vertical cloud
14 offering. These other more generalized cloud offerings cannot satisfy the
15 specialized needs of multifamily real estate owners and property managers. The
16 relevant geographic market for the vertical cloud market is the United States.

17 38. RealPage and Yardi are the primary competitors in the vertical cloud
18 market. Yardi has aggressively entered the market following its misappropriation
19 of RealPage’s trade secrets and subsequent launching of Yardi Cloud Services.
20 Indeed, in a recent press release Yardi referred to its cloud computing environment
21 as a “foundation of [its] business.” Yardi’s website describes the benefits of its
22 vertically-integrated cloud service as follows: “As a leading provider of real estate
23 software and services, Yardi is uniquely positioned to provide IT infrastructure for
24 real estate enterprises, including IT planning and control, physical installations,
25 core IT services and management, enterprise applications, and platforms for
26 business intelligence, portals, and desktop applications specific to the industry.”

27 39. Yardi’s anticompetitive campaign has harmed competition in the
28 vertical cloud market because Yardi possesses leverage over existing and potential

1 cloud clients by virtue of the widespread adoption of its Voyager software.
2 Voyager is a property management software system designed to integrate property
3 management functions and accounting. The property management software market
4 is a relevant economic market in the United States. Yardi’s website describes
5 Voyager as “the industry-leading asset and property management software
6 solution.” According to Yardi’s public disclosures, Voyager is used to manage
7 over 25,000 apartment sites in the U.S. Furthermore, for those businesses that use
8 it, Yardi Voyager is a critical back-office application and such businesses would
9 face high switching costs if Yardi were to terminate their licenses and they were
10 forced to change platforms; namely costs associated with conversion, data
11 migration, new license fees, and disruption of day-to-day business. Unwilling to
12 make the necessary investments to fairly compete in the cloud market, Yardi
13 instead has tried to lock its installed base of Voyager clients out of the RealPage
14 Cloud. Specifically, Yardi is forcing its Voyager clients through threats and
15 intimidation into anticompetitive exclusionary contracts whereby the client agrees
16 not to use the RealPage Cloud. In doing so, Yardi has conditioned its clients’
17 ability to continue to enjoy use of their Voyager license on their agreement not to
18 use RealPage’s competing cloud computing service. Yardi’s power in the property
19 management software market has resulted in Yardi obtaining and possessing
20 substantial market power in the vertical cloud market. While market share figures
21 are not readily available in this new market, Yardi’s market power in the vertical
22 cloud market is evidenced by its ability to prevent customers from exerting freedom
23 of choice in selecting their vertical cloud providers.

24 40. Following industry-standard computing and licensing practices, Yardi
25 until recently allowed its clients—many of whom pay Yardi thousands of dollars
26 monthly or annually for the rights to use Yardi software and maintain client data—
27 to have their Yardi software hosted by a third party. On information and belief, the
28 majority of Yardi’s software licenses with its clients permit or do not prohibit

1 clients from allowing their agents, third parties, contractors, or others to assist with,
2 use, and host Yardi software. Yardi's contracts with its clients did not, before
3 Yardi's misconduct began, limit the types of contractors a client can retain, much
4 less bar perceived competitors from being retained as contractors. Recognizing,
5 however, that it found itself at a distinct competitive disadvantage to the RealPage
6 Cloud's superior computing platform, Yardi recently changed its software license
7 agreement to protect its eroding market position and to counteract the success of the
8 RealPage Cloud. Specifically, Yardi has begun changing its license agreements to
9 prohibit licensees from using any "contractor" to implement or host Yardi software.
10 The agreements define a contractor as "a provider, or an affiliate of a provider, of
11 real property management and accounting software marketed primarily to the real
12 estate industry"—a definition designed by Yardi to include RealPage. These
13 restrictions on using the RealPage Cloud are of unlimited duration. Yardi imposed
14 these restrictions on existing licensees that have already purchased Voyager.
15 Consequently, these Yardi licensees are locked into an unanticipated, unagreed to
16 way of implementing or hosting the Yardi Voyager software. If the client now
17 wants to use a contractor to do these tasks, the client would first have to change
18 their primary property management software program. Clients cannot easily
19 switch to an alternative property management software because of the high
20 switching costs associated with re-aligning their IT systems and transferring their
21 data to a new software architecture – not to mention the potential disruption to day-
22 to-day business operations.

23 41. Yardi also has threatened to terminate license agreements with clients
24 who use both Yardi software and the RealPage Cloud on objectively baseless
25 grounds solely for the purpose of intimidating those clients into not using the
26 RealPage Cloud. The license agreements that Yardi has threatened to terminate do
27 not impose restrictions on where or with whom licensees may host their Yardi
28 software, and hosting with the RealPage Cloud does not violate any of the terms of

1 these license agreements. The cumulative, anticompetitive effects of these
2 improper client restrictions far outweigh any pro-competitive benefits. Yardi's
3 campaign, to date, has already harmed competition in the marketplace and threatens
4 to permanently deny Yardi clients the superior technology and cost savings offered
5 by the RealPage Cloud. Indeed, Yardi's campaign threatens to seriously retard the
6 growth of the vertical cloud market. Furthermore, Yardi's campaign has prevented
7 RealPage from achieving economic scale. With RealPage artificially stunted by
8 Yardi's misconduct, consumers are denied the innovations and lower prices that
9 would ensue from customers choosing RealPage of their own volition and RealPage
10 growing and continuing to innovate. Yardi's conduct therefore has not only denied
11 its own Voyager customers the ability to freely choose the vertically-integrated
12 cloud services that fit their needs, Yardi's anticompetitive conduct has also
13 deprived non-Yardi customers of the innovation and lower prices that flow from
14 unrestrained competition. Below are some specific examples of Yardi's
15 anticompetitive and tortious interference with RealPage clients.

16 42. RealPage had built a successful existing client relationship with Client
17 1 which culminated in the negotiation and signing of a Letter Agreement for
18 Interim Services on August 1, 2010. Client 1 is a large property management firm
19 that develops, constructs, and acquires multifamily properties in fourteen
20 geographic markets throughout the United States. Client 1 uses certain Yardi
21 software products in addition to its relationship with RealPage. When Yardi
22 learned of the Letter Agreement, it set out to interfere with RealPage's new client
23 relationship and to disparage and damage RealPage. Yardi advised Client 1 that it
24 could not continue with the Letter Agreement for Interim Services or any future
25 contemplated agreements with RealPage. Worse yet, after Client 1 had already
26 purchased Voyager Yardi created newly-revised software license agreements in
27 which the major change was to prohibit the client from using the RealPage Cloud.
28 When Client 1 asked Yardi to modify the license agreement to allow it to use the

1 RealPage Cloud, Yardi refused. As a result of the pressure, communications, and
2 unlawful agreements imposed by Yardi, Client 1 announced that it could not use the
3 RealPage Cloud, thus depriving RealPage of over \$100,000 per year in lost
4 revenue.

5 43. Similarly, RealPage had successfully built a client relationship with
6 Client 2. Client 2 is a top ten property management firm that uses Yardi Voyager
7 as its primary back-office accounting software and at different times has used
8 Yardi's hosting services for Yardi Voyager, and has self-hosted such software.
9 Recently, after a request-for-proposal ("RFP") process Client 2 moved to the
10 RealPage Cloud for most of its IT needs, including the hosting of Yardi Voyager.
11 During the period when Hendrix transitioned his services from Client X to his new
12 employer—*i.e.*, to RealPage—Hendrix participated in sales calls to Client 2
13 together with RealPage executives. During the Client 2 sales calls, Hendrix
14 acquired substantial confidential information from Client 2 and RealPage including
15 details regarding Client 2's dissatisfaction with Yardi, Client 2's desire to move to
16 the RealPage Cloud and other RealPage products, RealPage's plans and goals for
17 the RealPage Cloud, and detailed bid information regarding the pricing of the
18 RealPage Cloud to Client 2.

19 44. Shortly thereafter, Hendrix would accomplish his bait and switch and
20 start working for Yardi, armed with RealPage confidential and proprietary
21 information. Yardi initially had refused to bid in response to Client 2's RFP for
22 third party hosting and the outsourcing of related IT services. Once Hendrix joined
23 Yardi, Yardi realized that it was in real jeopardy of Client 2 moving to the
24 RealPage Cloud. As a result of Hendrix's disclosure of RealPage's confidential
25 and proprietary information, Hendrix and Yardi provided aggressive bids on behalf
26 of Yardi's competing cloud computing service. For example, in a February 25,
27 2010, email to Client 2's CEO, Yardi's President wrote: "We understand through
28 the rumor mill that you may be considering the RealPage Cloud Computing

1 solution. . . . If you are reviewing Cloud Computing there is significant advantage
2 to reviewing our offerings. At a minimum it will give you negotiating advantage
3 when you speak with any provider of Cloud Computing.”

4 45. Hendrix’s provision of secret RealPage bid information to Yardi
5 (information acquired while working for RealPage and while subject to Client X’s
6 Mutual Confidentiality Agreement) damaged RealPage by forcing RealPage to bid
7 against a Yardi proposal that was prepared with ill-gotten confidential information.
8 Furthermore, on information and belief, portions of Yardi’s bid simply mimicked
9 RealPage’s bid, using RealPage’s proprietary information and even the same font
10 and ink color used by RealPage.

11 46. When Yardi’s attempts to intimidate RealPage’s clients have failed,
12 Yardi has extended its interference campaign further downstream, threatening
13 RealPage’s clients’ clients. Yardi has bound RealPage’s clients’ clients to
14 anticompetitive exclusionary agreements designed to indirectly interfere with the
15 RealPage client’s ability to use the RealPage Cloud. For example, Client 2-A is
16 one of Client 2’s clients. Client 2-A recently signed a contract with Yardi for use
17 of Yardi’s Utility Billing product. The contract, however, forbids RealPage from
18 implementing Client 2-A’s software interface. Yardi also has interfered with
19 another of Client 2’s clients, Client 2-B. Client 2-B is planning to upgrade its Yardi
20 software, but Yardi is refusing to allow RealPage to support Client 2-B’s upgraded
21 software. These restrictions are designed to interfere with Client 2’s business
22 relations with Clients 2-A and 2-B and, indirectly, with Client 2’s ability to use the
23 RealPage Cloud.

24 47. Client 3, another multifamily and commercial real estate owner, had
25 agreed to move its data center to the RealPage Cloud. During the process of
26 moving its data, Yardi demanded that Client 3 not use the RealPage Cloud and not
27 even publicly associate itself with RealPage. As a result of Yardi’s interference,
28 Client 3 has decided not to use the RealPage Cloud to host its Voyager software.

1 Yardi's actions have damaged RealPage by causing it to lose revenue, reputational
2 benefit, and profit from Client 3's cloud business.

3 48. Yardi also has repeatedly interfered with EverGreen's relationships
4 with its existing and prospective consulting clients. For example, Client 4 was in
5 the process of negotiating a consulting contract with EverGreen when Yardi began
6 threatening to refuse to work with EverGreen. On January 15, 2010—as
7 discussions between EverGreen and Client 4 were just beginning—a representative
8 of Client 4 wrote the following to EverGreen's President:

9 "One big issue that we have got to get addressed is the friction
10 between EverGreen and Yardi. We cannot afford to be a casualty in
11 our rollout of a strained relationship between both companies. Please
12 be prepared to address verbally Thursday. Yardi has indicated that this
13 will be a problem even after I clarified that we are not hosting with
14 EverGreen."

15 As discussions progressed, Yardi's threats escalated. On February 13, 2010, the
16 same representative of Client 4 wrote the following to EverGreen's President:

17 "I have requested a meeting with Yardi this week to meet with you to
18 discuss implementation. The initial response I got from . . . our
19 [Yardi] sales representative suggested that it was likely Yardi will
20 walk from the deal if we request EverGreen as our implementor."

21 Ultimately, Yardi's threats forced Client 4 to choose another implementation
22 consultant, causing EverGreen to lose this business opportunity and the revenue and
23 profit it would have generated.

24 49. Yardi also has interfered with its clients' rightful efforts to transition
25 off of Voyager onto RealPage's SaaS property management software, OneSite. For
26 example, Client 5 is a past Yardi client that recently switched to OneSite. After
27 Client 5 informed Yardi that it intended to use OneSite, Yardi changed its past
28 practice of allowing its transitioning clients to maintain read-only access to

1 historical data and intends to cut off Client 5's access in the near future.

2 50. RealPage has a contractual and legal right to act as an agent of its
3 clients to provide secure hosting in the RealPage Cloud and to provide consulting
4 services. The RealPage Cloud is secure and poses no risk of any misuse of
5 information. Yardi's anticompetitive actions have harmed RealPage by
6 compromising RealPage's contractual relationships with its clients and destroying
7 the trust and goodwill engendered by RealPage's years of client development and
8 high-quality service. Yardi's actions also have restrained competition in the
9 vertical cloud market and harmed consumers by preventing RealPage from
10 achieving economic scale and the accompanying ability to offer its cloud services
11 to both Yardi customers and non-Yardi customers with increased efficiency,
12 continued innovation and lower prices.

13 **FIRST COUNTERCLAIM**

14 **(Misappropriation of Trade Secrets)**

15 51. RealPage realleges and incorporates by reference the allegations
16 contained in Paragraphs 1 through 50 as though fully set forth herein.
17 RealPage has invested millions of dollars and years of time in the development of
18 confidential and trade secret information. This trade secret information includes,
19 but is not limited to, the following categories of information: (a) RealPage data
20 center and disaster recovery architecture; (b) RealPage technology used to monitor
21 and improve the operation of third-party applications; (c) RealPage process
22 methods for change, problem and release management; (d) detailed and proprietary
23 descriptions of the RealPage Cloud; and (e) the confidential details of RealPage's
24 cloud computing bids for large Yardi clients.
25

26 52. RealPage's trade secrets relevant to this case comprise information not
27 generally known to the public or to other persons who would obtain economic
28 value from their disclosure or use. This information is the subject of reasonable

1 efforts by RealPage to maintain its secrecy, including the use of confidentiality and
2 nondisclosure agreements, and derives independent economic value from not being
3 generally known. The information constitutes “trade secrets” under California Civil
4 Code section 3426.1. RealPage’s trade-secret information gives it a competitive
5 advantage in, among other things, its ability to offer services such as consulting
6 services and the RealPage Cloud hosting service.

7 53. Yardi willfully and maliciously misappropriated RealPage’s trade
8 secrets through improper means by obtaining them from Joe Hendrix, who had a
9 duty to maintain the trade secrets’ secrecy and to forebear from disseminating or
10 using them. Yardi worked in concert with Hendrix to obtain RealPage’s trade
11 secret information, all the while knowing that Hendrix was representing himself as
12 a RealPage employee and that he was subject to a confidentiality agreement. Upon
13 acquiring these stolen trade secrets, Yardi proceeded to use them without
14 RealPage’s express or implied consent for the purpose of developing a competing
15 cloud computing business and competing for Client 2’s and others’ business.

16 54. By reason of the above-alleged acts and conduct of Yardi, RealPage
17 has been damaged, and it will suffer further great and irreparable harm and damage.
18 The amount of this irreparable harm will be difficult to ascertain, and RealPage will
19 be without an adequate remedy at law.

20 55. RealPage is entitled to an injunction restraining Yardi, its officers,
21 agents, employees, and all persons acting in concert with it, from engaging in
22 further unlawful acts and from reaping any additional commercial advantage from
23 its misappropriation and use of RealPage’s trade secrets.

24 56. RealPage is further entitled to an order requiring Yardi, its agents,
25 employees, and all persons acting in concert with it, to return to RealPage any and
26 all of its trade secrets and confidential, proprietary materials, including but not
27 limited to any and all materials created incorporating, referencing, or derived from
28 RealPage’s trade secrets and confidential, proprietary information.

1 customers gives Yardi substantial market power in the vertical cloud market as
2 evidenced by its ability to prevent customers from using competing products.

3 61. Voyager and the RealPage Cloud are distinct products and services
4 with different demand, and clients often seek them independently of each other.
5 Yardi has conditioned its clients' ability to license Voyager on their refusal to use
6 the RealPage Cloud. Yardi has done so through amended license agreements,
7 imposed on its clients after they have licensed Voyager and are locked in to its high
8 switching costs, whereby the client agrees at Yardi's demand to explicitly, or in
9 effect, not to use the RealPage Cloud. These agreements affect a substantial
10 amount of commerce in the vertical cloud market, a market in which Yardi
11 competes, and prevent RealPage from achieving economic scale. Absent Yardi's
12 anticompetitive restrictions, RealPage would reach optimal economic scale and
13 Yardi customers and non-Yardi customers would enjoy lower prices, greater
14 innovation and freedom of choice to select the vertical cloud provider that best suits
15 their needs.

16 62. The agreements are an unreasonable restraint of trade upon interstate
17 commerce. The anticompetitive effects of these agreements outweigh any
18 procompetitive effect or legitimate business justifications.

19 63. As a direct and proximate result of Yardi's unlawful and
20 anticompetitive conduct, RealPage has been injured and damaged in its business
21 and property.

22 64. Unless enjoined, Yardi's unlawful conduct will continue and cause
23 further injury to competition, and RealPage will continue to suffer injury for which
24 it is without adequate remedy at law.

25 26 **THIRD COUNTERCLAIM**

27 **(Violation of the California Cartwright Act)**

28 65. RealPage realleges and incorporates by reference the allegations

1 contained in Paragraphs 1 through 50 as though fully set forth herein.

2 66. Yardi's conduct as alleged herein has been for the purpose of, and has
3 had the effect of, injuring and restraining competition in the vertical cloud market.
4 Yardi has entered into agreements intending to restrain competition by forcing its
5 Voyager clients, through threats and intimidation, into anticompetitive exclusionary
6 agreements whereby the client agrees not to use the RealPage Cloud. That conduct
7 has had and continues to have substantial anticompetitive effects in California, and
8 violates California Business and Professions Code sections 16720 and 16727. The
9 anticompetitive effects of these agreements outweigh any beneficial effect or
10 legitimate business justifications.

11 67. Yardi possesses economic power in the market for property
12 management software by virtue of its "industry leading" Voyager software, which
13 is used to manage over 25,000 apartment sites in the United States. Additionally,
14 Yardi possesses economic power over its Voyager clients because those clients
15 cannot easily switch to an alternative property management software due to the
16 high switching costs associated with re-aligning their IT systems and transferring
17 their data to a new software architecture. Yardi therefore possesses sufficient
18 economic power to coerce its customers (a substantial share of potential vertical
19 cloud customers) into not using the RealPage Cloud. This power over its Voyager
20 customers gives Yardi substantial market power in the vertical cloud market as
21 evidenced by its ability to prevent customers from using competing products.

22 68. Voyager and the RealPage Cloud are distinct products and services
23 with different demand, and clients often seek them independently of each other.
24 Yardi has conditioned its clients' ability to license Voyager on their refusal to use
25 the RealPage Cloud. Yardi has done so through amended license agreements,
26 imposed on its clients after they have licensed Voyager and are locked in to its high
27 switching costs, whereby the client agrees at Yardi's demand to explicitly, or in
28 effect, not to use the RealPage Cloud. These agreements affect a substantial

1 amount of commerce in the vertical cloud market, a market in which Yardi
2 competes, and prevent RealPage from achieving economic scale. Absent Yardi's
3 anticompetitive restrictions, RealPage would reach optimal economic scale and
4 Yardi customers and non-Yardi customers would enjoy lower prices, greater
5 innovation and freedom of choice to select the vertical cloud provider that best suits
6 their needs.

7 69. As a direct and proximate result of Yardi's unlawful and
8 anticompetitive conduct, RealPage has been injured and damaged in its business
9 and property.

10 70. Unless enjoined, Yardi's unlawful conduct will continue and cause
11 further injury to competition, and RealPage will continue to suffer injury for which
12 it is without adequate remedy at law.

13 **FOURTH COUNTERCLAIM**

14 **(Intentional Interference with Contract)**

15 71. RealPage realleges and incorporates by reference the allegations
16 contained in Paragraphs 1 through 50 as though fully set forth herein.

17 72. RealPage has or had valid contracts with third parties, including Client
18 1, for hosting and consulting services. Yardi has knowledge of these contracts with
19 third parties.
20

21 73. Yardi has willfully and intentionally interfered with those contracts by
22 threatening RealPage's clients, including Client 1, with termination of software
23 licensing agreements if they use the RealPage Cloud. These threats were made on
24 objectively baseless grounds solely for the purpose of intimidating those clients into
25 not using the RealPage Cloud. Yardi also has willfully and intentionally interfered
26 with those contracts by amending its software license agreements to prohibit its
27 licensees from using the RealPage Cloud. Yardi's wrongful acts were designed to
28 and actually did interfere with or disrupt RealPage's contractual relationships with

1 its clients, including Client 1.

2 74. RealPage has suffered actual damages and loss as a direct and
3 proximate result of Yardi's unlawful interference. RealPage has lost business with
4 Client 1 and has suffered losses with other clients as a result of Yardi's interference.

5 75. Yardi acted intentionally and in conscious disregard of the rights of
6 RealPage, with malice and oppression, in that Yardi knew that its acts and conduct,
7 as alleged herein, were unjustified and improper and would result in severe
8 financial and economic injury to RealPage. Accordingly, RealPage is entitled to an
9 award of punitive damages against Yardi for the sake of example and by way of
10 punishing Yardi, in an amount to be determined at trial.

11 **FIFTH COUNTERCLAIM**

12 **(Intentional Interference with Prospective Economic Advantage)**

13 76. RealPage realleges and incorporates by reference the allegations
14 contained in Paragraphs 1 through 50 as though fully set forth herein.

15 77. An economic relationship, with the reasonable probability of future
16 economic benefit to RealPage, existed between RealPage, on the one hand, and its
17 current and prospective RealPage Cloud clients and consulting clients (including
18 Clients 1, 2, 3, 4, and 5), on the other hand.

19 78. Yardi knew of these relationships and intended to disrupt them by
20 threatening RealPage's clients with termination of their software licensing
21 agreements if they chose to use the RealPage Cloud or EverGreen consulting
22 services. These threats were made on objectively baseless grounds solely for the
23 purpose of intimidating those clients into not using the RealPage Cloud. Yardi also
24 has intended to disrupt these relationships by amending its software license
25 agreements to prohibit its licensees from using the RealPage Cloud, by using
26 RealPage's trade secrets to bid against RealPage, and by denying former Yardi
27 clients that switch to RealPage all access to such clients' own historical data.
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d. That the Court enter injunctions restraining Yardi preliminarily and permanently from further misappropriation of RealPage's trade secrets;

e. That the Court enter injunctions restraining Yardi preliminarily and permanently from further acts of unfair competition;

f. That the Court enter injunctions restraining Yardi preliminarily and permanently from continuing its anticompetitive conduct as alleged herein; and

g. That the Court award RealPage such other and further relief as the Court deems just and appropriate.

DATED: May 17, 2011

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DEMAND FOR TRIAL BY JURY

Pursuant to Rule 38(b) of the Federal Rules of Civil Procedure, RealPage hereby demands a jury trial on all issues so triable.

DATED: May 17, 2011

MARK A. SAMUELS
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